Zetrix AI (ZETRIX MK)

3Q25: Modelling Blockchain Accelerations

BUY (Maintained)

Share Price	RM0.85
Target Price	RM1.52
Upside	78.8%

Analyst(s)
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Highlights

- 3Q25 results were within expectations, with 9M25 earnings making up 75% and 74% of ours and consensus expectations.
- Blockchain segment contributed around RM151m in revenue in 3Q25 (50% of total revenue), with the bulk of it arising from token sales (45%).
- Wider adoption and roll-out of various blockchain services such as Ztrade, My Digital ID and NurAI are key growth drivers. Maintain BUY and target price of RM1.52.

3Q25 Results

Year to 31 Dec	3Q25 (RMm)	qoq % chg	yoy % chg	9M25 (RMm)	yoy % chg
Revenue	**341.6**	**11.0**	**37.7**	**949.5**	**31.3**
EBITDA	246.2	4.8	21.8	707.0	21.4
EBIT	230.3	4.2	21.8	665.7	22.9
Interest Expense	(24.8)	40.5	52.0	(60.0)	25.6
Pre-tax profit	**221.1**	**11.2**	**27.7**	**601.5**	**21.3**
Tax	(0.9)	97.0	(67.4)	(1.4)	(64.6)
Core net profit	**205.3**	**0.5**	**20.6**	**606.9**	**23.5**
		+/- ppt	+/- ppt		+/- ppt
EBIT Margin (%)	67.4	-4.4	-8.8	70.1	(4.8)
PBT Margin (%)	64.7	0.1	-5.1	63.3	(5.2)
Net Profit Margin (%)	60.1	-6.3	-8.5	63.9	(4.1)

Source: Zetrix AI, UOB Kay Hian

Analysis

- **3Q25 results within expectations.** Zetrix's 3Q25 core net profit came in at RM205m (+1% qoq, +21% yoy) on revenue of RM342m (+11% qoq, +38% yoy). 9M25 results are in line with street's expectations, accounting for 75% and 74% of ours and consensus full-year forecasts respectively.
- **Top-line and bottom line improved qoq on stronger business volume and Zetrix contributions.** 3Q25 revenue rose 11% qoq to RM342m on stronger performances from blockchain segments, while the immigration and road transport segment remained stable. We surmised that Zetrix's blockchain segment contributed about RM176m revenue in 3Q25 (50% of total revenue), with the bulk of it arising from token sales (45%). Nevertheless, Zetrix's net profit only rose marginally by 1% qoq, reflecting margin compression of 6.3ppt.

Key Financials

Year to 31 Dec (RMm)	2023	2024	2025F	2026F	2027F
Net turnover	774.3	1,016.9	1,199.2	1,289.8	1,365.3
EBITDA	585.7	806.1	980.1	1,110.6	1,211.3
Operating profit	524.3	751.3	883.3	963.5	1,018.9
Net profit (rep./act.)	483.8	679.8	805.7	884.3	940.5
Net profit (adj.)	483.8	679.8	805.7	884.3	940.5
EPS	6.5	9.2	10.9	11.9	12.7
PE	15.9	11.3	9.6	8.7	8.2
P/B	3.5	2.7	2.3	1.9	1.6
EV/EBITDA	14.4	10.6	8.5	7.4	6.7
Dividend yield	1.9	2.6	3.1	3.4	3.7
Net margin	62.5	66.8	67.2	68.6	68.9
Net debt/(cash) to equity	34.4	31.2	19.9	14.9	8.5
Interest cover	14.6	12.1	13.4	15.1	16.5
ROE	25.7	30.9	32.5	31.7	30.1
Consensus net profit	n.a	n.a	808.3	880.7	952.3
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Zetrix AI, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Industrials
Bloomberg ticker	ZETRIX MK
Shares issued (m)	7,812.1
Market cap (RMm)	6,640.3
Market cap (US$m)	1,605.9
3-mth avg daily t'over (US$m)	10.0

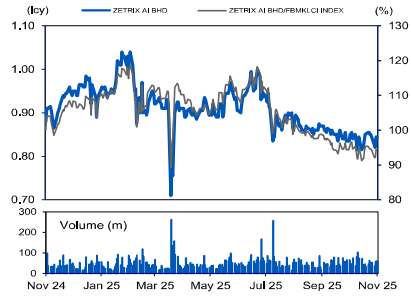
Price Performance (%)

52-week high/low				RM1.0/RM0.70
1mth	3mth	6mth	1yr	YTD
(1.2)	(3.4)	(6.1)	(3.4)	(11.5)

Major Shareholders

	%
Wong Thean Soon	13.88
Asian Internet Holdings	13.61
Kumpulan Wang Persaraan Diperbadankan	4.99
FY25 NAV/Share (RM)	0.46
FY25 Net Debt/Share (RM)	0.09

Price Chart



Source: Bloomberg

Company Description

Zetrix AI provides e-government services between the Malaysian government and its citizens and businesses. Services includes road transport segment, immigration segment, and blockchain segment.

- **My Digital ID entering use-case stages, awaiting official launch.** Locally, Zetrix has been developing the MY Digital ID Superapp with MIMOS. MY Digital ID Superapp integrates database from multiple government agencies and provides Single Sign On (SSO) login for identity and credentials verifications. Some of these government applications include MySejahtera, MyJPJ, MyHRMIS. Zetrix will monetise this project through one-off registration fees and recurring income via subscription modules for any commercial entity using MY digital ID as single-login user ID solutions in the future.
- **Ztrade services with China customs growing well...** Zetrix officially launched its cross-border trade facilitation services (Ztrade) earlier in Jun 24 with China customs. Two of the Ztrade services that will be deployed are: a) recognition of COO, and b) recognition of Phytosanitary Certificate and other product certificates. Ztrade will offer two-way cross-border verification and exchange of digitised trade documents with China, and charge around RMB200/document. More importantly, Zetrix is currently integrating Ztrade into Malaysia's custom to form Malaysia's National Single Window which encompasses Malaysia's trade with other countries. We understand that Ztrade processed around 15,000 transactions per month from various freight forwarders in 9M25.
- **...with wider adoption after Malaysia's NSW comes onboard.** The Ministry of Investment, Trade and Industry (MITI) will be signing an agreement this month with China's General Administration of Customs that will allow the digital exchange of the documents under the Asean-China Free Trade Area and the Regional Comprehensive Economic Partnership. This supports full digitalisation of customs clearance between Malaysia and China on the blockchain through the ZTrade platform. With government approval in place, the processing of COOs for trade between Malaysia and China will now go fully paperless and be powered end-to-end by the blockchain-based ZTrade platform.
- **Putting numbers into the picture.** With the anticipated commercial launching of several new applications under Zetrix's blockchain, we expect more Zetrix token sales moving forward alongside higher transaction fees and gas fees. We had previously assessed that Zetrix's blockchain services can produce an annual revenue of over RM650m via charging gas fees and service fees per credential/contract and annual fees upon optimal utilisation of Ztrade services. For 2024-25, we have also forecasted 4.5m-5.0m Zetrix coin sales, which translates to a pre-tax profit of RM200m-220m.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of RM1.52,** pegged to 14x 2025F PE (-0.5SD below mean).

Environmental, Social, Governance (ESG) updates

Environmental

- MYEG's carbon footprint is limited to energy consumed in an office environment and does not impact biodiversity or climate change in any significant way.

Social

- Subscribed to the United Nations International Bill of Human Rights.
- Spent RM2.5m in community investment to support >50 charity groups in 2021.

Governance

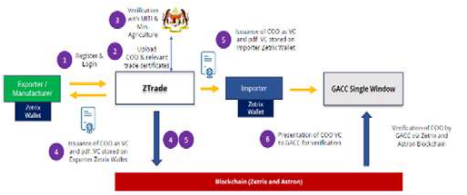
- Comprehended and applied Malaysian Code on Corporate Governance (MCCG).

PBT By Segment

	FY24	FY25F	FY26F
Core PBT Breakdown	**702.20**	**809.91**	**890.10**
Foreign Worker	179.11	184.94	185.18
Accommodation	2.83	2.89	2.95
Road Transportation	148.20	151.16	158.72
Others	14.93	15.08	15.23
Zetrix and World ID	329.56	455.85	528.03

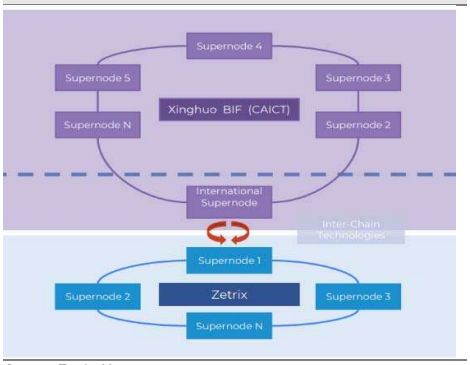
Source: UOB Kay Hian

Ztrade's Process Flow



Source: Zetrix AI, UOB Kay Hian

Zetrix's Structure



Source: Zetrix AI

Zetrix's Product Roadmap

2Q22	- Launch of ZTX mainnet - Build and test the proof of concept iteratively with NFT marketplace and Covinsure dapps. - Developer SDK published - Develop operating models and governance
3Q22	- Achieve interoperability with other chains, i.e. Xinghuo, Ethereum, Polygon. - Launch of crosschain BID/VC with Xinghuo - Launch of ZTX token sale - Marketing of BID registration in all market ex China
4Q22	- Launch of crosschain NFT transfers with Xinghuo - Launch of Web 3 Domain Name Registry - Launch of Self Sovereign Identity usecase for both product and individual
1Q23	- Pilot of Cross border deep tier supply chain financing and traceability
2Q23	- Announced co-research of AI development with CAICT as part of initial inter-government blockchain research
4Q23	- IEO of Zetrix coins
3Q24	- Official rollout of cross-border blockchain trade facilitation services with China
2025F	- Rollout of NurAI - Rollout of My Digital ID Super App (JV with MIMOS)

Source: Zetrix AI, various sources, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Net turnover	**1,017**	**1,199**	**1,290**	**1,365**
EBITDA	806	980	1,111	1,211
Deprec. & amort.	55	97	147	192
EBIT	751	883	963	1,019
Net interest income/(expense)	(67)	(73)	(73)	(73)
Pre-tax profit	**684**	**810**	**890**	**946**
Tax	(4)	(5)	(5)	(6)
Minorities	0	1	0	1
Net profit	**680**	**806**	**884**	**941**
Net profit (adj.)	680	806	884	941

Balance Sheet

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Fixed assets	368	871	1,324	1,732
Other LT assets	2,444	2,438	2,440	2,442
Cash/ST investment	374	584	665	865
Other current assets	1,005	804	846	880
Total assets	**4,248**	**4,709**	**5,220**	**5,810**
ST debt	82	82	82	82
Other current liabilities	108	92	57	48
LT debt	1,183	1,183	1,183	1,183
Other LT liabilities	27	3	3	3
Shareholders' equity	2,851	3,415	4,034	4,693
Minority interest	(3)	(3)	(3)	(4)
Total liabilities & equity	**4,248**	**4,771**	**5,356**	**6,005**

Cash Flow

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Operating	**783**	**1,065**	**957**	**1,091**
Pre-tax profit	702	810	890	946
Tax	(6)	(5)	(5)	(6)
Deprec. & amort.	199	97	147	192
Associates	0	0	0	0
Working capital changes	29	163	(76)	(44)
Other operating cashflows	(141)	0	1	2
Investing	**(833)**	**(600)**	**(600)**	**(600)**
Capex (growth)	(662)	(600)	(600)	(600)
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	(170)	0	0	0
Financing	**324**	**(254)**	**(276)**	**(291)**
Dividend payments	(144)	(242)	(265)	(282)
Issue of shares	63	0	0	0
Proceeds from borrowings	538	0	0	0
Loan repayment	(120)	(13)	(11)	(9)
Others/interest paid	(12)	0	0	0
Net cash inflow (outflow)	**275**	**210**	**81**	**200**
Beginning cash & cash equivalent	**84**	**374**	**584**	**665**
Changes due to forex impact	15	0	0	0
Ending cash & cash equivalent	**374**	**584**	**665**	**865**

Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	79.3	81.7	86.1	88.7
Pre-tax margin	67.3	67.5	69.0	69.2
Net margin	66.8	67.2	68.6	68.9
ROA	22.2	24.4	24.9	24.4
ROE	30.9	32.5	31.7	30.1
Growth				
Turnover	40.4	65.6	78.0	88.5
EBITDA	115.7	162.3	197.2	224.2
Pre-tax profit	114.4	153.7	178.8	196.1
Net profit	116.1	156.2	181.1	199.0
Net profit (adj.)	40.5	18.5	9.8	6.4
EPS	116.1	156.2	181.1	199.0
Leverage				
Debt to total capital	44.4	37.1	31.4	27.0
Debt to equity	44.4	37.0	31.4	27.0
Net debt/(cash) to equity	31.2	19.9	14.9	8.5
Interest cover	12.1	13.4	15.1	16.5

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